

What is taxation?

money the government takes when you buy things and from your check to be used for public services

IWBAT

- Demonstrate an understanding of the role of the government in providing services that would otherwise not be profitable.
- Describe the justification for taxing citizens to provide these services.
- Identify examples of services that are provided by the federal government and debate the appropriateness of federal taxes providing those services.

Via

- Capturing notes on my graphic organizer/note frame
- Whole class discussions to introduce and clarify key concepts
- Completing practice problems collaboratively with teacher support

Income Tax Unit

The free rider problem, in economics, refers to a situation where some individuals in a population either consume more than their fair share of a common resource or pay less than their fair share of the cost of a common resource.

A commonly used example of the economic notion of the free rider problem is found in national defense. All citizens of a country benefit from being defended; however, individuals who evade taxes are still protected by the same common resource of national defense, even though they did not pay for their fair share of the resource.

- Investopedia

Income Tax Unit

"We the People..."

<http://www.econedlink.org/lesson/355/Constitution-Costs>

Discuss the following questions with your classmates.

- Why should the government provide services like the ones you researched today?
- Why can't or don't private businesses provide them?
- Why should all citizens of the country pay for services that are provided to states in different amounts?
- In your opinion does the government provide services that should be provided by private business? - To be turned in: Individually explain your answer in a well-supported paragraph using all that you have learned today.

3.1 Taxable Income

05/03/16

What are our tax monies used for?

Public services

Soc Sec

Police

Military

Foodstamps

trash collection

Medicaid

Parks

Schools

IWBAT

- explore the W-2 and W-4 tax forms
- make calculations based on the standard deduction and exemptions
- consider issues surrounding filing status.

Via

- Capturing notes on my graphic organizer/note frame
- Whole class discussions to introduce and clarify key concepts
- Completing practice problems collaboratively with teacher support

3.1 Taxable Income

What is taxable income?

*The income on which
the taxes you owe
(tax burden) are
calculated*

Taxable income =

Gross income

- adjustments
- deductions
- exemptions

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

W-4

Separate here and give Form W-4 to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service		Employee's Withholding Allowance Certificate ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.		OMB No. 1545-0074 2016
1 Your first name and middle initial		Last name		2 Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ <input type="checkbox"/>		
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)				5
6 Additional amount, if any, you want withheld from each paycheck				6 \$
7 I claim exemption from withholding for 2016, and I certify that I meet both of the following conditions for exemption. <ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶				7
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.				
Employee's signature (This form is not valid unless you sign it.) ▶				Date ▶
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional)	10 Employer identification number (EIN)	

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form **W-4** (2016)

Line 5: Write in the number of allowances you are claiming. Usually, you claim one allowance each for yourself, your spouse, and any person who depends on you for economic support. Many single people put a 0 here rather than a 1. This is because a larger number here means less will be deducted from each paycheck you receive. However, you will have to pay more or will receive a smaller refund when you file your taxes.

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

W-2

22222		Void <input type="checkbox"/>		a Employee's social security number		For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld	
				5 Medicare wages and tips		6 Medicare tax withheld	
				7 Social security tips		8 Allocated tips	
d Control number				9		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.	11 Nonqualified plans		12a See instructions for box 12
f Employee's address and ZIP code				13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
				14 Other		12c	
						12d	
15 State	Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement

2016

Department of the Treasury—Internal Revenue Service

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are **not** acceptable.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 10134D

Do Not Cut, Fold, or Staple Forms on This Page

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

Filing status

Filing status	Description
Single	Generally, a single person is someone who is unmarried, divorced, or legally separated from his or her spouse.
Married filing jointly	This is for married people who are filing a single tax return. It is not dependent on how long you have been married. If you are married on December 31 of the previous year, you are able to file as married filing jointly.
Married filing separately	This is for someone who is legally married but who chooses to file separately from his or her spouse.
Head of household	This is for someone who is unmarried and has paid more than half of the cost of keeping up a home for him- or herself and for another relative. The relative must live with the head of household for more than half the year and must claim to be his or her dependent. Some examples of dependents are children, stepchildren, grandchildren, and stepgrandchildren.

Exemptions (2009 values)

Status	Exemption
Single	\$3650
Single with dependents	$\$3650 + \$3650 \bullet (\# \text{ of dependents})$
Married with no dependents	\$7300
Married with dependents	$\$7300 + \$3650 \bullet (\# \text{ of dependents})$

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

The standard deduction is based only on your filing status, not on your income. It generally increases year-over-year.

(2009)

If line 43 (taxable income) is —		And you are —			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of household
32,000		Your tax is —			
32,000	32,050	4,386	3,969	4,386	4,206
32,050	32,100	4,394	3,976	4,394	4,214
32,100	32,150	4,401	3,984	4,401	4,221
32,150	32,200	4,409	3,991	4,409	4,229
32,200	32,250	4,416	3,999	4,416	4,236
32,250	32,300	4,424	4,006	4,424	4,244
32,300	32,350	4,431	4,014	4,431	4,251
32,350	32,400	4,439	4,021	4,439	4,259
32,400	32,450	4,446	4,029	4,446	4,266
32,450	32,500	4,454	4,036	4,454	4,274
32,500	32,550	4,461	4,044	4,461	4,281
32,550	32,600	4,469	4,051	4,469	4,289
32,600	32,650	4,476	4,059	4,476	4,296
32,650	32,700	4,484	4,066	4,484	4,304
32,700	32,750	4,491	4,074	4,491	4,311
32,750	32,800	4,499	4,081	4,499	4,319
32,800	32,850	4,506	4,089	4,506	4,326
32,850	32,900	4,514	4,096	4,514	4,334
32,900	32,950	4,521	4,104	4,521	4,341
32,950	33,000	4,529	4,111	4,529	4,349

Filing Status

Year	Single	Married filing jointly	Married filing separately	Head of household
2009	\$5700	\$11,400	\$5700	\$8350
2008	\$5450	\$10,900	\$5450	\$8000
2007	\$5350	\$10,700	\$5350	\$7850
2006	\$5150	\$10,300	\$5150	\$7,550

Taxable income table: shows how much you owe in taxes based on your taxable income

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

Vocabulary: Appendix A.3 Key Terms

Practice: 3.1.2

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

05/05/16

The table below shows last year's gross income, standard deduction, and number of exemptions for four different workers.

	Gross income	Standard deduction	Number of exemptions at \$3650 each
Esther	\$45,788	\$5,700	2
Frank	\$47,612	\$8,350	2
Macy	\$41,967	\$5,700	1
Penny	\$52,785	\$8,350	3

Assuming that each worker used the standard deduction and that none of the workers had any additional adjustments, which worker had the lowest taxable income last year?

$$\begin{aligned} \text{Frank} \quad & 2(3650) + 8350 = 15650 \quad \$47612 - 15650 = \$31962 \\ \text{Esther} \quad & 45788 - [2(3650) + 5700] = \$32788 \end{aligned}$$

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

Questions from practice problems?

GI FS SD #EX TVEX TI

$$GI - SD - TVEX = TI$$

$$GI = SD + TVEX + TI$$

32554.76

4465.71

2018.40

472.04

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

05/05/16

Three types of taxation policies

Flat tax everyone pays the same % of their income in tax no matter their income
(state of Colorado)

Progressive tax the tax rate increases as income increases
(Federal income tax)

Regressive tax impact the poor more than the wealthy
(sales tax)

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

A household consists of a married couple, their two-year-old daughter, and their twin six-year-old sons. The couple's children had no income and lived with their parents all of last year. How many exemptions can the couple claim on last year's tax return if they file with the "Married filing jointly" status?

$$5 = 2 \text{ adults} + 3 \text{ niños}$$

Gross income minus any adjustments, deductions, and exemptions is Taxable Income.

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

Kyra had two jobs last year, and she received two W-2 forms. On the first W-2 form, the figure in box 1 was \$15,667.88, while on the second W-2 form, the figure in box 1 was \$9766.24. What was Kyra's gross income from the two jobs last year?

$$\begin{array}{r} \$15,667.88 \\ + 9,766.24 \\ \hline \$25,434.12 \end{array}$$

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

A part-time shipping clerk made \$9122.46 last year. If he claimed himself as an exemption for \$3650 and had a \$5700 standard deduction, what was his taxable income last year?

$$\begin{array}{r} \$9122.46 \\ - 3650.00 \\ - 5700.00 \\ \hline - \$ 227.54 \end{array}$$

$$\begin{array}{r} \$0 \\ \hline \end{array}$$

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.1 Taxable Income

Vocabulary: Appendix A.3 Key Terms

Practice: 3.1.2

IWBAT explore the W-2 and W-4 tax forms, make calculations based on the standard deduction and exemptions, and consider issues surrounding filing status.

3.2 Itemized Deductions

05/06/16

Determine tax burden given a filer's: status, deduction(s), income, and exemption(s)

Juliana is filing head of household, claims three exemptions, and has an annual income of \$102,901. How much in federal taxes does Juliana owe?

$$102901 - (3(3650) + 8350) = 83601$$

If line 43 (taxable income) is —		(2009) And you are —			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
Your tax is —					
83,000					
83,000	83,050	16,967	13,131	17,379	15,609
83,050	83,100	16,981	13,144	17,393	15,621
83,100	83,150	16,995	13,156	17,407	15,634
83,150	83,200	17,009	13,169	17,421	15,646
83,200	83,250	17,023	13,181	17,435	15,659
83,250	83,300	17,037	13,194	17,449	15,671
83,300	83,350	17,081	13,206	17,463	15,684
83,350	83,400	17,065	13,219	17,477	15,696
83,400	83,450	17,079	13,231	17,491	15,709
83,450	83,500	17,093	13,244	17,505	15,721
83,500	83,550	17,107	13,256	17,519	15,734
83,550	83,600	17,121	13,269	17,533	15,746
83,600	83,650	17,135	13,281	17,547	15,759
83,650	83,700	17,149	13,294	17,561	15,771
83,700	83,750	17,163	13,306	17,575	15,784
83,750	83,800	17,177	13,319	17,589	15,796
83,800	83,850	17,191	13,331	17,603	15,809
83,850	83,900	17,205	13,344	17,617	15,821
83,900	83,950	17,219	13,356	17,631	15,834
83,950	84,000	17,233	13,369	17,645	15,846

3.2 Itemized Deductions

Understand the concept of adjusted gross income.

Total taxable income = Gross income – adjustments – deductions – exemptions

Total taxable income = AGI – deductions – exemptions.

IWBAT

- explore common types of itemized deductions
- decide between taking the standard deduction or itemizing deductions.

Via

- Capturing notes on my graphic organizer/note frame
- Whole class discussions to introduce and clarify key concepts
- Completing practice problems collaboratively with teacher support





3.2 Itemized Deductions

IRS-defined expenses that can be deducted from a person's income to reduce his or her taxable income.

Total taxable income = **Gross income** – **adjustments** – deductions – exemptions

Total taxable income = **AGI** – deductions – exemptions.

Allowable
adjustments
include:

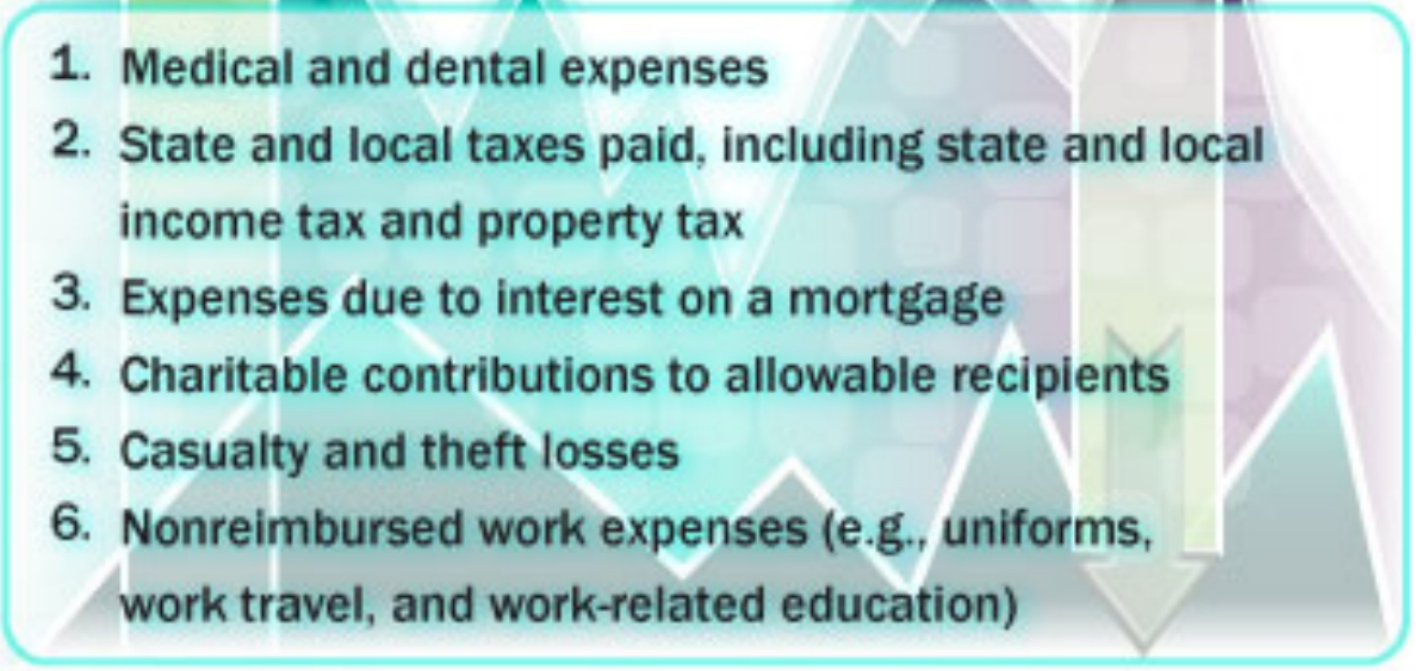
Individual Retirement Accounts (IRAs)	
Alimony Paid	
Bad Debt Deduction	
Moving Expenses	
Student Loan Interest Deduction	
Tuition and Fees Deduction	
Educator Expense Deduction	

IWBAT explore common types of itemized deductions, and decide between taking the standard deduction or itemizing deductions.

3.2 Itemized Deductions

1040EZ & 1040A
Standard deduction

1040

- 
1. Medical and dental expenses
 2. State and local taxes paid, including state and local income tax and property tax
 3. Expenses due to interest on a mortgage
 4. Charitable contributions to allowable recipients
 5. Casualty and theft losses
 6. Nonreimbursed work expenses (e.g., uniforms, work travel, and work-related education)

IWBAT explore common types of itemized deductions, and decide between taking the standard deduction or itemizing deductions.

3.2 Itemized Deductions

Medical expenses are deductible to the extent that the expenses **exceed** 7.5% of the taxpayer's adjusted gross income.

$$\begin{array}{lcl} \text{Medical expenses} & - & .075(\text{AGI}) \\ 7000 & - & .075(6000) = \$2500 \end{array}$$

When a taxpayer pays taxes to his state or another municipality, the IRS allows the taxpayer to deduct 100% of that money from his or her taxable income.

The IRS allows people to deduct 100% of their mortgage interest from their income.

IWBAT explore common types of itemized deductions, and decide between taking the standard deduction or itemizing deductions.

3.2 Itemized Deductions

The IRS limits the deduction for charitable contributions to 50% of your adjusted gross income (AGI). Any contributions beyond 50% of your AGI cannot be deducted that year (but can be carried over into future years for up to five years).

$$60,000 (.5) = \$30,000$$

\$50,000 year 1 \$30,000
 year 2 \$20,000 carry over

Losses due to theft can be deducted if

- the amount lost is more than \$500
- the amount lost minus \$500 is more than 10% of your adjusted gross income (AGI).

IWBAT explore common types of itemized deductions, and decide between taking the standard deduction or itemizing deductions.

3.2 Itemized Deductions

Expenses related to work (for example, uniforms, work-travel that is not part of your daily commute, and work-related education) are deductible only when they are not reimbursed. A taxpayer can only deduct the amount of nonreimbursed work expenses that exceed 2% of his or her adjusted gross income (AGI).

Deduction Summary	DEDUCTION	REQUIREMENT
	Medical and dental	Deduct the amount by which the expenses exceed 7.5% of your AGI.
	State and local taxes	Deduct 100%.
	Mortgage interest	Deduct 100%.
	Charitable contributions	Deduct up to 50% of your AGI.
	Theft losses	Deduct losses minus \$500 if they're over 10% of your AGI.
	Casualty losses	Deduct 100%.
	Nonreimbursed work expenses	Deduct the amount by which the expenses exceed 2% of your AGI.

IWBAT explore common types of itemized deductions, and decide between taking the standard deduction or itemizing deductions.

3.2 Itemized Deductions

Vocabulary: Appendix A.3 Key Terms

Practice: 3.2.2

IWBAT explore common types of itemized deductions, and decide between taking the standard deduction or itemizing deductions.

3.3 Tax Brackets

05/09/16

Define Adjusted Gross Income in your own words.

$$\text{Gross income} - \text{adjustments} = \text{AGI}$$

3.3 Tax Brackets

Understand the tax bracket system.

Tax brackets are used with a progressive tax system. The tax rate increases as income increases.

$$\frac{16967}{83000} = .2044$$

$$\frac{17233}{84000} = .205$$

If line 43 (taxable income) is —		(2009) And you are —			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
Your tax is —					
83,000					
83,000	83,050	16,967	13,131	17,379	15,609
83,050	83,100	16,981	13,144	17,393	15,621
83,100	83,150	16,995	13,156	17,407	15,634
83,150	83,200	17,009	13,169	17,421	15,646
83,200	83,250	17,023	13,181	17,435	15,659
83,250	83,300	17,037	13,194	17,449	15,671
83,300	83,350	17,081	13,206	17,463	15,684
83,350	83,400	17,065	13,219	17,477	15,696
83,400	83,450	17,079	13,231	17,491	15,709
83,450	83,500	17,093	13,244	17,505	15,721
83,500	83,550	17,107	13,256	17,519	15,734
83,550	83,600	17,121	13,269	17,533	15,746
83,600	83,650	17,135	13,281	17,547	15,759
83,650	83,700	17,149	13,294	17,561	15,771
83,700	83,750	17,163	13,306	17,575	15,784
83,750	83,800	17,177	13,319	17,589	15,796
83,800	83,850	17,191	13,331	17,603	15,809
83,850	83,900	17,205	13,344	17,617	15,821
83,900	83,950	17,219	13,356	17,631	15,834
83,950	84,000	17,233	13,369	17,645	15,846

IWBAT

- perform calculations involving tax brackets and filing statuses
- consider differences in tax due to salary increases or competing job offers.

Via

- Capturing notes on my graphic organizer/note frame
- Whole class discussions to introduce and clarify key concepts
- Completing practice problems collaboratively with teacher support

3.3 Tax Brackets

The Internal Revenue Service (IRS) uses six tax brackets to determine the amount of tax you owe due to your taxable income and filing status.

Single (2009)			Married filing jointly		
Taxable income is over	But not over	Bracket	Taxable income is over	But not over	Bracket
\$0	\$8350	10%	\$0	\$16,700	10%
\$8350	\$33,950	15%	\$16,700	\$67,900	15%
\$33,950	\$82,250	25%	\$67,900	\$130,050	25%
\$82,250	\$171,550	28%	\$130,050	\$208,850	28%
\$171,550	\$325,950	33%	\$208,850	\$372,950	33%
\$325,950		35%	\$372,950		35%

IWBAT perform calculations involving tax brackets and filing statuses and consider differences in tax due to salary increases or competing job offers.

3.3 Tax Brackets

Not all of your taxable income is taxed at the same level.

Taxable income of \$42,000

Single (2009)				
Taxable income is over	But not over	The tax is	Plus	Of the amount over
\$0	\$8350	\$0.00	10%	\$0
\$8350	\$33,950	\$835.00	15%	\$8350
\$33,950	\$82,250	\$4,675.00	25%	\$33,950
\$82,250	\$171,550	\$16,750.00	28%	\$82,250
\$171,550	\$372,950	\$41,754.00	33%	\$171,550
\$372,950		\$108,216.00	35%	\$372,950

$$\begin{aligned}
 \$4675.00 + 0.25 (\$42,000 - \$33,950) &= \$4675 + 0.25(\$8050) \\
 &= \$4675 + \$2012.50 \\
 &= \$6687.50
 \end{aligned}$$


Single				
Taxable income is over	But not over	The tax is <i>Previous</i>	Plus	Of the amount over
\$0	\$8350	\$0.00	10%	\$0
\$8350	\$33,950	\$835.00	15%	\$8350
<u>\$33,950</u>	\$82,250	<u>\$4,675.00</u>	<u>25%</u>	\$33,950
\$82,250	\$171,550	\$16,750.00	28%	\$82,250
\$171,550	\$372,950	\$41,754.00	33%	\$171,550
\$372,950		\$108,216.00	35%	\$372,950

IWBAT perform calculations involving tax brackets and filing statuses and consider differences in tax due to salary increases or competing job offers.

3.3 Tax Brackets

Married filing jointly (2009)

Taxable income is over	But not over	The tax is	Plus	Of the amount over
\$0	\$16,700	\$0.00	10%	\$0
\$16,700	\$67,900	\$1670.00	15%	\$16,700
\$67,900	\$137,050	\$9350.00	25%	\$67,900
\$137,050	\$208,850	\$26,637.50	28%	\$137,050
\$208,850	\$372,950	\$46,741.50	33%	\$208,850
\$372,950		\$100,894.50	35%	\$372,950

Total taxable income
 **\$155,340**

What is the tax owed by this couple?

\$ 31758.70

Submit

$$(155340 - 137050) \times 0.28 + 26637.50 = 18290$$

IWBAT perform calculations involving tax brackets and filing statuses and consider differences in tax due to salary increases or competing job offers.

3.3 Tax Brackets

Formula for calculating taxes:

base amount + (%tax rate) (taxable income - lower bracket)

Single (2009)				
Taxable income is over	But not over	The tax is	Plus	Of the amount over
\$0	\$8350	\$0	10%	\$0
\$8350	\$33,950	\$835	15%	\$8350
\$33,950	\$82,250	\$4675	25%	\$33,950
\$82,250	\$171,550	\$16,750	28%	\$82,250
\$171,550	\$372,950	\$41,754	33%	\$171,550
\$372,950		\$108,216	35%	\$372,950

You earn \$42,195 (T.I.) and receive a 3.4% Cost of Living Adjustment (COLA). How much more in taxes do you now owe compared to last year?

$$\begin{aligned}
 & \rightarrow \$42,195 (1.034) = \$43,631.69 \\
 & 43,631.69 (.25) = 10,907.92 \\
 & 42,195 (.25) = 10,548.75 \\
 & \underline{\$ 359.17}
 \end{aligned}$$

IWBAT perform calculations involving tax brackets and filing statuses and consider differences in tax due to salary increases or competing job offers.

3.3 Tax Brackets

Vocabulary: Appendix A.3 Key Terms

Practice: 3.3.2

IWBAT perform calculations involving tax brackets and filing statuses and consider differences in tax due to salary increases or competing job offers.

Review

05/10/16

3.2 Itemized Deductions & 3.3 Tax Brackets

Practice Problems 3.2.2

Jeremy

- AGI \$52,000
- 2) Med + Dental Exp - 7.5% AGI = \$ 190
\$4090 - .075(52000)
- 3) State + Local Taxes 100% = \$ 2200
- 4) Mortgage Int. 100% $\frac{\$156}{12}$ = \$ 1872
- 5) Charity up to 50% AGI = \$ 170
- 6) Casualty Loss 100% = \$ 1020
- 7) Nonreimbursed Work Exp. - 2% AGI = \$ 390
\$1430 - .02(52000)
-
- 8) Total Deductions \$ 5842
- 9) Taxable Income = AGI - Tot Ded
- Exemptions = \$ 42,508

Review

3.2 Itemized Deductions & 3.3 Tax Brackets

Practice Problems 3.3.2

3.4 Submitting Your Tax Form

05/10/16

Explain the tax bracket system in your own words.

Tax brackets tell you what the tax is for your taxable income

3.4 Submitting Your Tax Form

**Understand which tax form to use
when itemizing deductions.**

1040

1040A

1040EZ

Itemized
Deductions

Standard
Deduction

3.4 Submitting Your Tax Form

05/10/16

IWBAT

- fill out a 1040EZ
- compare the 1040EZ to the regular 1040 form.

Via

- Capturing notes on my graphic organizer/note frame
- Whole class discussions to introduce and clarify key concepts
- Completing practice problems collaboratively with teacher support

3.4 Submitting Your Tax Form


1040EZ

- No adjustments
- No itemizing (standard deduction only)
- Taxable income < \$100,000
- No dependents
- Single or Married-filing-jointly only

IWBAT fill out a 1040EZ and compare the 1040EZ to the regular 1040 form.

3.4 Submitting Your Tax Form

Income (W-2 & 1099-INT)

Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	1	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	1		
	2	Taxable interest. If the total is over <u>\$1,500</u> , you cannot use Form 1040EZ.	2		
	3	Unemployment compensation and Alaska Permanent Fund dividends (see instructions).	3		
	4	Add lines 1, 2, and 3. This is your adjusted gross income .	4		
	5	If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. <input type="checkbox"/> You <input type="checkbox"/> Spouse If no one can claim you (or your spouse if a joint return), enter \$10,300 if single ; \$20,600 if married filing jointly . See back for explanation.	5		
	6	Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income . 	6		

IWBAT fill out a 1040EZ and compare the 1040EZ to the regular 1040 form.

3.4 Submitting Your Tax Form

Payments, Credits, and Tax	7	Federal income tax withheld from Form(s) W-2 and 1099.	7	
	8a	Earned income credit (EIC) (see instructions)	8a	
	b	Nontaxable combat pay election. 8b		
	9	Add lines 7 and 8a. These are your total payments and credits .	9	
	10	Tax. Use the amount on line 6 above to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line.	10	
	11	Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>	11	
	12	Add lines 10 and 11. This is your total tax .	12	
Refund <small>Have it directly deposited! See instructions and fill in 13b, 13c, and 13d, or Form 8888.</small>	13a	If line 9 is larger than line 12, subtract line 12 from line 9. This is your refund . If Form 8888 is attached, check here <input type="checkbox"/>	13a	
	b	Routing number <input type="text"/>	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number <input type="text"/>		
Amount You Owe	14	If line 12 is larger than line 9, subtract line 9 from line 12. This is the amount you owe . For details on how to pay, see instructions.	14	

If you cannot file on time (usually April 15), you may ask for an extension of six months. This is an extension to *file*, not to *pay*. You will pay interest on any money you owe to the IRS. If you cannot pay, you can enter into a payment plan.

Celebrity tax evaders.

<http://www.fastupfront.com/blog/business/40-celebrity-tax-evaders/>

<http://www.efile.com/tax-evaders-tax-cheaters-tax-evasion/>

IWBAT fill out a 1040EZ and compare the 1040EZ to the regular 1040 form.

3.4 Submitting Your Tax Form

Comparing the 1040EZ to the 1040

1040	1040EZ
No restriction on filing status	Filing status must be Single or Married filing jointly
Itemized deductions allowed	Only standard deduction allowed
Claiming dependents allowed	No dependents
Adjustments allowed	No adjustments allowed
	Taxable income needs to be less than \$100,000

IWBAT fill out a 1040EZ and compare the 1040EZ to the regular 1040 form.

3.4 Submitting Your Tax Form

Vocabulary: Appendix A.3 Key Terms

Practice: 3.4.2

IWBAT fill out a 1040EZ and compare the 1040EZ to the regular 1040 form.

3.4 Submitting Your Tax Form

05/11/16

Practice filling out a W-4 to reflect your current status

IWBAT fill out a 1040EZ and compare the 1040EZ to the regular 1040 form.

3.4 Submitting Your Tax Form

12/04/15

Which tax form should each filer use?

1040EZ Julia Melendez: Married, Taxable Income: \$32,000,
no dependents, Charitable contributions: \$0

1040 Sebastian Franco: Married, T.I.: \$84,000,
three dependents, Charity: \$8,250

1040EZ Franka Schloss: Single, T.I.: \$99,000, no dependents,
Charity: \$3,200

1040 Brigit Black: Single, T.I.: \$22,500, no dependents,
Charity: \$0, Mortgage, Student Loans

IWBAT fill out a 1040EZ and compare the 1040EZ to
the regular 1040 form.

3.4 Submitting Your Tax Form

One computer per group go to:

<http://www.irs.gov/Forms-&-Pubs>

- Look for and open Publication 17.
- Proceed to page 5 "Do I Have To File a Return?"
- Pay particular attention to Table 1-1.
- Peruse p. 7 "Which Form Do I Use?"

IWBAT fill out a 1040EZ and compare the 1040EZ to the regular 1040 form.

3.4 Submitting Your Tax Form

Identify and justify your choice for the correct tax form for Julia Melendez with all of the information you know following the instructions found at <http://www.irs.gov/Forms-&-Pubs>.

Julia Melendez: Married, Taxable Income: \$32,000,
no dependents, Charitable contributions: \$0,
Federal income tax: \$5760, no combat pay

1040EZ if filing jointly + spouse TI < 68,000^{\$}
1040 can file separately

IWBAT fill out a 1040EZ and compare the 1040EZ to the regular 1040 form.

3.4 Submitting Your Tax Form

12/04/15

Vocabulary: Appendix A.3 Key Terms

Practice: 3.5.2

IWBAT fill out a 1040EZ and compare the 1040EZ to the regular 1040 form.

3.5 Unit Test

05/12/16

Review for the Unit 3 Test.
Complete Practice 3.5.2.

05/13/16

Complete Unit Test 3.5.5 (paper).